0 9627

RECD S.E.C.
MAY 14 1992
140

P-35097

92 14 9403

22

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

Ch 2-2228

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 0-5550

TELE-COMMUNICATIONS, INC.
(Exact name of Registrant as specified in its charter)

State of Delaware		84-0588868
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)
5619 DTC Parkway		
Englewood, Colorado		80111
(Address of principal executive of		(Zip Code)

PROCESSED BY
22 - 22 = 1
MAY 18 1992

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code: (303) 267-5500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The number of shares outstanding of the Registrant's common stock (net of shares held in treasury), as of May 1, 1992, was:

Class A common stock - 370,455,016 shares; and
Class B common stock - 48,114,176 shares.

BEST COPY AVAILABLE

(This document contains 22 pages.)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(unaudited)

Assets	March 31, 1992	December 31, 1991*
	amounts in millions	
Cash	$ 10	35
Trade and other receivables, net	217	249
Prepaid expenses	43	35
Investment in Liberty Media Corporation ("Liberty") (note 4)	406	387
Investments in other affiliates, accounted for under the equity method, and related receivables (note 5)	1,167	1,159
Investment in Turner Broadcasting System, Inc. (note 6)	463	463
Other investments, at cost, and related receivables (note 7)	232	231
Property and equipment, at cost:		
Land	157	157
Cable distribution systems	4,968	4,923
Theatre buildings and equipment	610	654
Support equipment and buildings	605	515
	6,340	6,249
Less accumulated depreciation	1,929	1,806
	4,411	4,443
Franchise costs	6,326	6,310
Less accumulated amortization	624	587
	5,702	5,723
Other assets, at cost, net of amortization	213	213
	$12,864	12,938

*Restated - see note 4.

(continued)

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets, continued
(unaudited)

Liabilities and Stockholders' Equity	March 31, 1992	December 31, 1991*
	amounts in millions	
Accounts payable	$ 154	148
Accrued interest	120	97
Other accrued expenses	364	373
Debt (note 8)	9,827	9,910
Deferred income taxes	178	158
Other liabilities	158	183
Total liabilities	10,801	10,869
Minority interests in equity of consolidated subsidiaries	600	587
Redeemable preferred stocks (note 9)	115	115
Stockholders' equity (note 10):		
Preferred stock, $1 par value. Authorized 10,000,000 shares; issued and outstanding 5,028,595 shares of redeemable preferred stocks in 1992 and 1991	--	--
Class A common stock, $1 par value. Authorized 1,000,000,000 shares; issued 449,746,095 shares in 1992 and 449,124,604 shares in 1991	450	449
Class B common stock, $1 par value. Authorized 100,000,000 shares; issued 48,652,039 shares in 1992 and 48,790,443 shares in 1991	49	49
Additional paid-in capital	1,735	1,738
Accumulated deficit	(553)	(536)
	1,681	1,700
Treasury stock, at cost (79,335,038 shares of Class A common stock in 1992 and 1991)	(333)	(333)
Total stockholders' equity	1,348	1,367
Commitments and contingencies (note 12)		
	$12,864	12,938

*Restated - see note 4.

See accompanying notes to consolidated financial statements.

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(unaudited)

	Three months ended March 31,	
	1992	1991
	amounts in millions, except per share amounts	
Revenue	$1,007	963
Operating costs and expenses:		
Operating	374	396
Selling, general and administrative (note 5)	228	180
Depreciation	128	132
Amortization	45	45
	775	753
Operating income	232	210
Other income (expense):		
Interest expense	(200)	(224)
Share of losses of Liberty (note 4)	(2)	--
Share of losses of other affiliates, net	(19)	(11)
Minority interests in earnings of consolidated subsidiaries, net	(15)	--
Other, net (note 5)	8	20
	(228)	(215)
Earnings (loss) before income taxes	4	(5)
Income tax expense	(21)	(20)
Net loss	(17)	(25)
Dividend requirement on redeemable preferred stocks	(5)	--
Net loss attributable to common shareholders	$ (22)	(25)
Loss per common share (note 2)	$(.05)	(.07)

See accompanying notes to consolidated financial statements.

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity

Three months ended March 31, 1992
(unaudited)

	Common stock Class A	Common stock Class B	Additional paid-in capital	Accumulated deficit	Treasury stock	Total stockholders' equity
			amounts in millions			
Balance at January 1, 1992*	$ 449	49	1,738	(536)	(333)	1,367
Net loss	--	--	--	(17)	--	(17)
Issuance of common stock upon exercise of options	1	--	5	--	--	6
Dividends on redeemable preferred stocks	--	--	(5)	--	--	(5)
Acquisition and retirement of common stock	--	--	(3)	--	--	(3)
Balance at March 31, 1992	$ 450	49	1,735	(553)	(333)	1,348

*Restated - see note 4.

See accompanying notes to consolidated financial statements.

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(unaudited)

	Three months ended March 31,	
	1992	1991
	amounts in millions (see note 3)	
Cash flows from operating activities:		
Net loss	$ (17)	(25)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	173	177
Share of losses of Liberty	2	--
Share of losses of other affiliates	19	11
Deferred income tax expense	20	18
Minority interests in earnings	15	--
Amortization of debt discount	6	--
Noncash interest and dividend income	(7)	(11)
Other noncash charges (credits)	4	(2)
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Change in receivables	32	15
Change in prepaid expenses	(8)	6
Change in accrued interest	23	34
Change in other accruals and payables	(3)	(51)
Net cash provided by operating activities	259	172
Cash flows from investing activities:		
Cash paid for acquisitions	(15)	--
Capital expended for property and equipment	(93)	(104)
Proceeds from disposition of assets	15	--
Additional investments in and loans to affiliates and others	(40)	(69)
Return of capital from affiliates	--	7
Repayment of loans by affiliates and others	4	13
Repayment of short-term notes to Liberty	(22)	--
Other investing activities	(40)	(24)
Net cash used in investing activities	(191)	(177)
Cash flows from financing activities:		
Borrowings of debt	1,121	881
Repayments of debt	(1,210)	(880)
Preferred stock dividends of subsidiaries	(2)	(6)
Sales of equity securities of subsidiaries	--	3
Preferred stock dividends	(5)	--
Issuances of common stock	6	--
Repurchases of common stock	(3)	--
Net cash used in financing activities	(93)	(2)
Net decrease in cash	(25)	(7)
Cash at beginning of period	35	31
Cash at end of period	$ 10	24

See accompanying notes to consolidated financial statements.

TELE-COMMUNICATIONS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 1992
(unaudited)

(1) General

The accompanying consolidated financial statements include the accounts of Tele-Communications, Inc. and those of all majority-owned subsidiaries ("TCI" or the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying interim consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Certain amounts have been reclassified for comparability with the 1992 presentation.

(2) Loss Per Common Share

Loss per common share for the three months ended March 31, 1992 and 1991 was computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during such periods (419.0 million and 355.2 million for the three months ended March 31, 1992 and 1991, respectively). Common stock equivalents were not included in the computation of weighted average shares outstanding because their inclusion would be anti-dilutive.

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

Cash paid for interest was $171 million and $190 million for the three months ended March 31, 1992 and 1991, respectively. Also, during these periods, cash paid for income taxes was not material.

Significant noncash investing and financing activities for the three months ended March 31, 1992 and 1991 are as follows:

	1992	1991
	amounts in millions	
Contribution of certain interests to affiliate in exchange for preferred stock (see note 4)	$ --	439
Common stock issued upon conversion of debentures	$ --	4

(continued)

(4) Investment in Liberty Media Corporation

On March 28, 1991, Liberty Media Corporation ("Liberty"), an indirect, wholly-owned subsidiary of the Company until said date, issued shares of its common stock to TCI shareholders who, in the aggregate, tendered 8,713,696 shares of TCI Class A common stock and 2,737,712 shares of TCI Class B common stock to Liberty pursuant to an exchange offer. Also, on March 28, 1991, the Company contributed its interests in certain of its cable television programming businesses and cable television systems to Liberty in exchange for several different classes and series of preferred stock of Liberty with an aggregate issue price of $624 million. No gain or loss was recorded in connection with this transaction and, accordingly, the initial carrying amount of such preferred stock of Liberty equals the aggregate carrying amount of the net assets contributed ($439 million).

Of the classes of preferred stock of Liberty held by the Company, one class entitles TCI to elect a number of members of Liberty's board of directors equal to not less than 20% of the total number of directors, another class is exchangeable for TCI common stock and another class is convertible into common stock (less than 5%) of Liberty.

Due to the related party nature of the transaction, TCI accounts for its investment in Liberty under the equity method. Accordingly, the Company does not recognize any income relating to dividends, including preferred stock dividends, and the Company has continued to record the earnings or losses generated by the interests contributed to Liberty (by recognizing 100% of Liberty's earnings or losses before deducting preferred stock dividends).

The Company purchases sports and other programming from certain subsidiaries of Liberty. Charges to TCI (which are based upon customary rates charged to others) for such programming were $11 million for the three months ended March 31, 1992. Certain subsidiaries of Liberty purchase, at TCI's cost, certain pay television and other programming. Charges for such programming were less than $1 million for the three months ended March 31, 1992.

TCI and Liberty have entered into a services agreement pursuant to which TCI provides, among other things, administrative and operational services. Charges by TCI in connection with the rendering of such services amounted to approximately $1 million for the three months ended March 31, 1992.

Summarized unaudited consolidated results of operations of Liberty for the three months ended March 31, 1992 are as follows (amounts in millions):

Revenue	$ 33
Operating expenses	(34)
Depreciation and amortization	(3)
Operating loss	(4)
Interest expense	(1)
Other, net	3
Net loss	$ (2)

(continued)

On December 30, 1991, the Company entered into a Commercial Paper Purchase Agreement with Liberty whereby the Company may sell short-term notes to Liberty of up to an aggregate amount of $100 million. The Company borrowed $22 million from Liberty on December 31, 1991, pursuant to the Commercial Paper Purchase Agreement. The full amount, including interest, was repaid on January 15, 1992. Interest rates on the short-term notes are determined by the parties by reference to prevailing money-market rates.

In January of 1992, subsidiaries of Liberty and TCI created a partnership (owned 50.001% by Liberty and 49.999% by TCI) for the purpose of acquiring and operating cable television systems. The partners each agreed to contribute certain non-cash assets to the partnership and up to $25 million of cash as needed to fund mutually acceptable acquisitions. The non-cash assets were contributed to the partnership subsequent to March 31, 1992. TCI contributed all of its shares of one of the four classes of Liberty preferred stock.

Also, during the three months ended March 31, 1992, Liberty increased its economic and voting interest in Lenfest Communications, Inc. ("LCI") to 50% and, accordingly adopted the equity method of accounting. Liberty's investment in LCI, which was previously accounted for under the cost method, was received from TCI in the March 28, 1991 transaction described above. As a result of the foregoing, TCI restated its investment, results of operations and stockholders' equity with respect to its ownership interest in LCI up to March 28, 1991. As of that date, the Company reduced (by $72 million) the carrying amount of its investment in Liberty preferred stock. The restatement did not affect the Company's results of operations for the three months ended March 31, 1992 and 1991 because, on a restated basis, the Company's investment in LCI was reduced to zero prior to 1991.

(5) Investments in Other Affiliates

Investments in affiliates, other than Liberty (see note 4), accounted for under the equity method, amounted to $1,086 million and $1,107 million at March 31, 1992 and December 31, 1991, respectively. Included in these amounts are the Company's investments in the common stock of SCI Holdings, Inc. ("SCI") and the preferred stock of its wholly-owned subsidiary, Storer Communications, Inc. ("Storer"), which investments aggregated $757 and $767 million at March 31, 1992 and December 31, 1991, respectively.

In connection with the Company's 1988 acquisition of an equity interest in SCI, a subsidiary of the Company issued certain debt and equity securities to Storer for $650 million. Interest charges and preferred stock dividend requirements on these debt and equity securities aggregated $22 million and $23 million for the three months ended March 31, 1992 and 1991, respectively. The Company's share of losses of SCI for the three months ended March 31, 1992 and 1991 amounted to $11 million and $13 million, respectively, as adjusted for the effect of interest and dividends accounted for by Storer as capital transactions due to their related party nature.

(continued)

In order to meet a certain 1992 debt obligation, SCI is currently pursuing various plans, including the possibility of a transaction that would result in the ownership of its cable systems being split, on a tax-free basis, between the Company and the other shareholder. This transaction is expected to occur during 1992, although there can be no assurance that it will occur during 1992 or at all since consummation of the transaction will require the obtaining of private and/or public debt financing, certain regulatory and other consents and approvals, and the execution by the parties of binding agreements. In any event, it is expected that the Company's investment in SCI will remain recoverable whether or not the aforementioned transaction is consummated.

The Company has a management consulting agreement with Storer which provides for the operational management of certain of Storer's cable television systems by TCI. This agreement provides for a management fee based on 3.5% of the revenue of those cable television systems managed by the Company. The Company also has a programming service agreement with Storer whereby the Company, for a fee, manages Storer's purchases of programming. The total management fees under the consulting and programming service agreements amounted to $2 million for each of the three months ended March 31, 1992 and 1991 (which amounts are recorded as a reduction of selling, general and administrative expenses in the accompanying consolidated statements of operations).

In addition to its investment in Liberty (see note 4), the Company has other investments in affiliates accounted for under the equity method. Summarized unaudited results of operations for such affiliates (including those contributed to Liberty through March 28, 1991) are as follows:

Combined Operations	Three months ended March 31,	
	1992	1991
	amounts in millions	
Revenue	$ 290	603
Operating expenses	(168)	(438)
Depreciation and amortization	(75)	(101)
Operating income	47	62
Interest expense	(76)	(116)
Other, net	(2)	(11)
Net loss	$ (31)	(65)

The Company has interest bearing receivables due from certain affiliates and other companies. Income on such receivables amounted to $14 million and $17 million for the three months ended March 31, 1992 and 1991, respectively (which amounts are included in other income in the accompanying consolidated statements of operations).

(continued)

Certain of the Company's affiliates are general partnerships and any subsidiary of the Company that is a general partner in a general partnership is, as such, liable as a matter of partnership law for all debts of that partnership in the event liabilities of that partnership were to exceed its assets.

(6) Investment in Turner Broadcasting System, Inc.

The Company has an investment in the common stock and the convertible preferred stock of Turner Broadcasting System, Inc. ("TBS"). Shares of the preferred stock have voting rights and are convertible into shares of TBS common stock. The holders of those preferred shares, as a group, are entitled to elect seven of fifteen members of the board of directors of TBS, and the Company appoints three such representatives. However, voting control over TBS is held by its chairman of the board and chief executive officer (an unrelated third party). The Company's total holdings of TBS common and preferred stocks represent an approximately 12% voting interest.

The Company's investment in TBS common stock had an aggregate market value of $682 million (which exceeded cost by $372 million) at March 31, 1992. In addition, the Company's investment in TBS preferred stock had an aggregate market value of $822 million (which exceeded cost by $669 million) at March 31, 1992.

(7) Other Investments

Other investments, accounted for under the cost method, and related receivables are summarized as follows:

	March 31, 1992	December 31, 1991
	amounts in millions	
Limited partnership interest in, and related receivables from, Intermedia Partners	$ 73	70
Convertible preferred stock investment	61	61
Other investments and related receivables	98	100
	$232	231

The Company's interest in Intermedia Partners ("Intermedia") is accounted for under the cost method although TCI's ownership approximates 32%. The cost method of accounting is considered appropriate because the limited partners (including TCI) of Intermedia have no voting control over Intermedia's operating and financial policies. Such control rests entirely with the general partner (an unrelated third party).

(continued)

(8) Debt

Debt is summarized as follows:

	March 31, 1992	December 31, 1991
	amounts in millions	
Parent company debt:		
Senior notes		
Liquid Yield Option™ Notes (a)	$ 1,529	981
7% Subordinated debentures (b)	366	360
Bank credit facilities	237	245
Commercial paper	423	365
Other debt	133	38
	1	1
	2,689	1,990
Debt of subsidiaries:		
Bank credit facilities	4,954	5,728
Commercial paper	9	9
Notes payable	1,510	1,512
Notes payable to Storer	475	475
Convertible notes (c)	48	48
Other debt	142	148
	$ 9,827	9,910

(a) These subordinated notes, which are stated net of unamortized discount of $784 million and $790 million at March 31, 1992 and December 31, 1991, respectively, were issued through a public offering. These notes are not redeemable prior to April 25, 1993, unless the closing sales price of TCI Class A common stock equals or exceeds $27.09 per share for a specified period. Subject to the foregoing, the notes are redeemable, in whole or in part, at the option of the Company at the issue price plus accrued original issue discount. Additionally, the Company will purchase any note, at the option of the holder, as of April 25, 1996, April 25, 2001 or April 25, 2006 at the issue price plus accrued original issue discount through such dates. The Company, at its option, may elect to pay the purchase price in cash and/or shares of TCI Class A common stock. The notes mature on April 25, 2008. At March 31, 1992, these notes were convertible, at the option of the holders, at any time prior to maturity, into an aggregate of 18,975,000 shares of Class A common stock.

(continued)

(b) At March 31, 1992, the 7% subordinated debentures were convertible, at the option of the holders, into an aggregate of 13,902,294 shares of Class A common stock.

Subsequent to March 31, 1992, TCI called for redemption of all of its 7% convertible subordinated debentures due October, 2012. The redemption price is equal to 104.2% of the principal amount thereof, together with accrued interest to the redemption date.

(c) These convertible notes, which are stated net of unamortized discount of $201 million at March 31, 1992 and December 31, 1991, mature on December 18, 2021. The notes require (so long as conversion of the notes has not occurred) an annual interest payment through 2003 equal to 1.85% of the face amount of the notes. At March 31, 1992, the notes were convertible, at the option of the holders, into an aggregate of 41,879,990 shares of Class A common stock. During the three months ended March 31, 1992, certain of these notes were converted into 62,000 shares of Class A common stock.

The Company's bank credit facilities and various other debt instruments generally contain restrictive covenants which require, among other things, the maintenance of certain earnings, specified cash flow and financial ratios (primarily the ratios of cash flow to total debt and cash flow to debt service, as defined), and include certain limitations on indebtedness, investments, guarantees, dispositions, stock repurchases and/or dividend payments.

As security for borrowings under one of its credit facilities, the Company pledged a portion of the common stock (with a quoted market value of approximately $553 million at March 31, 1992) it holds of TBS.

In order to provide interest rate protection on a portion of its variable rate indebtedness, the Company has entered into various interest rate exchange agreements. The Company is exposed to credit losses for the periodic settlements of amounts due under these interest rate exchange agreements in the event of nonperformance by the other parties to the agreements. However, the Company does not anticipate nonperformance by the counterparties and, in any event, such amounts were not material at March 31, 1992.

TCI and certain of its subsidiaries are required to maintain unused availability under bank credit facilities to the extent of outstanding commercial paper.

(continued)

(9) Redeemable Preferred Stocks

	March 31, 1992	December 31, 1991
	amounts in millions	
12-7/8% Cumulative Compounding Preferred Stock, Series A; issued and outstanding 5,022,394 shares (a)	$ 97	97
6-3/4% Convertible Preferred Stock, Series B; issued and outstanding 6,201 shares (b)	18	18
	$115	115

(a) The 12-7/8% Cumulative Compounding Preferred Stock is stated at its redemption value of $19.25 per share. Dividends are cumulative and accrue at 12-7/8% of the redemption value. Accrued dividends are payable quarterly and unpaid dividends are added to the redemption price and accrue dividends until paid. This preferred stock is redeemable at the option of the Company at any time after January 1, 1992 in whole or in part, at the redemption value plus accrued dividends. On January 1, 1999, the Company is required to redeem one-half of the shares then outstanding. The remaining shares outstanding must be redeemed on January 1, 2000.

(b) The 6-3/4% Convertible Preferred Stock is stated at its redemption value of $3,000 per share, and each share is convertible into 204 shares of TCI Class A common stock. Unpaid dividends will be added to the redemption value and will accrue interest, until paid, at 6-3/4% per annum thereafter. Interest charged on unpaid dividends outstanding for two consecutive quarters will increase to 15% per annum. This preferred stock is subject to optional redemption by the Company, in whole or in part, with mandatory redemption by May 25, 1999, in each case at the redemption value plus accrued dividends. The stock is also subject to redemption by the Company at the option of the holder, in whole or in part, at the redemption price plus accrued dividends.

Each of the preferred stock issues are senior to the Company's common stock and equal with each other with respect to the declaration and payment of dividends and liquidating distributions and have no voting rights except the right to vote as a separate class on any amendment to the Company's Restated Certificate of Incorporation (as amended) that would adversely affect the preferences and rights of such holders.

(10) Stockholders' Equity

Common Stock

The Class A common stock has one vote per share and the Class B common stock has ten votes per share. Each share of Class B common stock is convertible, at the option of the holder, into one share of Class A common stock.

(continued)

Stock Options

Two officers (one of whom is also a director) hold options to purchase TCI Class A common stock. The officer who is also a director holds an option to acquire 200,000 shares at an adjusted purchase price of $10.00 per share and the other officer holds an option to acquire 100,000 shares at the same price. These options expire in June of 1993.

The Company had an Incentive Stock Option Plan ("ISOP") which has expired. Options granted under the ISOP (prior to its expiration) have an option price equal to the fair market value on the date of grant, are all currently exercisable and expire five years from the date of grant. Options to purchase 636,556 shares of TCI Class A common stock are outstanding at March 31, 1992, with prices ranging from $10.00 to $17.25 per share. During the three months ended March 31, 1992, options to acquire 35,100 shares were exercised.

In connection with the 1991 merger whereby TCI acquired the remaining minority interest in United Artists Entertainment Company ("UAE"), TCI assumed certain stock options previously granted by UAE to certain of its employees. These options, which are currently exercisable, represent the right, as of March 31, 1992, to acquire 560,249 shares of TCI Class A common stock at adjusted purchase prices ranging from $8.83 to $18.63 per share. During the three months ended March 31, 1992, options to acquire 577,879 shares were exercised and options for 210,630 shares were cancelled. No additional options may be granted by UAE.

Other

The excess of consideration received on debentures converted or options exercised over the par value of the stock issued is credited to additional paid-in capital.

At March 31, 1992, there were 77,519,093 shares of TCI Class A common stock reserved for issuance under exercise privileges related to options and convertible debt securities described in this note 10 and in notes 8 and 9. In addition, one share of Class A common stock is reserved for each share of Class B common stock.

(11) Income Taxes

TCI files a consolidated Federal income tax return with all of its 80% or more owned subsidiaries. Consolidated subsidiaries in which the Company owns less than 80% each file a separate consolidated Federal income tax return. TCI and such subsidiaries calculate their respective tax liabilities on a separate return basis and combine them in the accompanying consolidated financial statements.

Deferred tax expense or benefit results from timing differences in the recognition of revenue and expense for income tax and financial statement purposes and from adjustment of deferred tax credits. The primary source of these differences is excess depreciation and amortization for income tax purposes.

(continued)

The Company has net operating loss carryforwards for income tax purposes which, if not utilized to reduce taxable income in future periods, expire at various dates through 2006. Substantially all such net operating losses have been recognized for financial statement purposes as a reduction of deferred income taxes. To the extent the net operating loss carryforwards are utilized for income tax purposes, deferred tax credits will be restored at the then current rates. Additionally, certain subsidiaries of the Company have net operating loss carryforwards for income tax purposes and these net operating losses are subject to certain rules limiting their usage. Also, one of the Company's subsidiaries (which had filed a separate consolidated Federal income tax return) has a net operating loss carryforward for financial statement purposes.

The Company has available investment tax credits which, if not utilized to offset future Federal income taxes payable, expire at various dates through 2005. Substantially all such investment tax credits have been recognized for financial statement purposes as a reduction of deferred income taxes. To the extent the investment tax credit carryforward is utilized for income tax purposes, deferred tax credits will be restored at the then current rates. The benefits from investment tax credits are recorded when such credits are used to reduce current or deferred income taxes payable. Additionally, certain subsidiaries of the Company have investment tax credit carryforwards and these investment tax credit carryforwards are subject to certain rules limiting their usage. Also, one of the Company's subsidiaries (which had filed a separate consolidated Federal income tax return) has an investment tax credit carryforward for financial statement purposes.

Certain of the Federal income tax returns of TCI and its subsidiaries which filed separate income tax returns are presently under examination by the Internal Revenue Service ("IRS") for the years 1978 through 1991. In the opinion of management, any additional tax liability, not previously provided for, resulting from these examinations, ultimately determined to be payable, should not have a material adverse effect on the consolidated financial position of the Company. The Company pursued a course of action on certain issues (primarily the deductibility of franchise cost amortization) the IRS had raised and such issues were argued before the United States Tax Court. During 1990, the Company received a favorable decision regarding these issues. The IRS has appealed this decision.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which will supersede Statement No. 96, "Accounting for Income Taxes". The Company currently accounts for income taxes under Accounting Principles Board Opinion No. 11, having elected not to adopt Statement No. 96 prior to its required effective date. Statement No. 109 will change the Company's method of accounting for income taxes from the deferred method required under APB No. 11 to the asset and liability method. The Company presently does not know and cannot reasonably estimate the impact of Statement No. 109 on its financial statements. Statement No. 109 is effective for fiscal years beginning after December 15, 1992. The Company has not made a determination whether it will restate any prior years or adopt Statement No. 109 in 1993 on a prospective basis.

(continued)

(12) Commitments and Contingencies

In connection with the acquisition from TCI of a 19.9% minority interest in Heritage Communications, Inc. ("Heritage") by Comcast Corporation ("Comcast"), Comcast was granted the right, beginning in July of 1993, to require TCI to purchase or cause to be purchased from Comcast all shares of Heritage directly or indirectly owned by Comcast for either cash or, at TCI's election, shares of TCI Class A common stock.

The Company has contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

(13) Subsequent Event

Subsequent to March 31, 1992, the Company sold its motion picture theatre business and certain theatre-related real estate assets. The selling price (including liabilities assumed) was approximately $680 million, of which $92.5 million was paid in the form of preferred stock of the buyer. No gain or loss was recognized in connection with this transaction.

TCI's Board of Directors had not adopted a formal plan of disposition in the event the aforementioned sale was not consummated. Accordingly, the operations of the Company's motion picture theatre exhibition industry segment were not reflected as "discontinued operations" pending consummation of the sale. Since the sale was consummated during the second quarter of 1992, such operations will be reclassified and reflected as "discontinued operations" in the Company's Form 10-Q for the quarterly period ended June 30, 1992.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Material changes in financial condition:

The Company had approximately $672 million in unused lines of credit at March 31, 1992, excluding amounts related to lines of credit which provide availability to support commercial paper. Although the Company was in compliance with the restrictive covenants contained in its credit facilities at said date, additional borrowings under the credit facilities are subject to the Company's continuing compliance with the restrictive covenants (which relate primarily to the maintenance of certain ratios of cash flow to total debt and cash flow to debt service, as defined) after giving effect to such additional borrowings. See note 8 to the accompanying consolidated financial statements for additional information regarding the material terms of the Company's lines of credit.

In connection with its merger with TCI, Heritage entered into certain credit facilities. Borrowings under such credit facilities (which aggregated $383 million at March 31, 1992) are due in June of 1992. The Company has received commitments from certain banks which, in the aggregate, are sufficient to refinance such borrowings. Such refinancing is expected to occur during the second quarter of 1992.

As security for borrowings under one of its credit facilities, the Company pledged a portion of the common stock it holds of TBS. Borrowings under this credit facility (which amounted to $250 million at March 31, 1992) are due in August of 1994. On or before such date, assuming there has been no significant decline in the value of the underlying collateral (approximately $553 million at March 31, 1992), the Company expects to refinance these borrowings and extend the maturity date. However, there can be no assurance that such a refinancing will be accomplished on terms acceptable to the Company.

The Company owns an equity interest in SCI (see note 5 to the accompanying consolidated financial statements). SCI is obligated to repay $398 million in principal amount of its zero coupon senior notes on December 5, 1992. However, SCI does not expect cash flows generated from operations and available borrowing capacity under its existing credit agreements to be sufficient to satisfy the aforementioned 1992 debt obligation. As a result, SCI is pursuing various plans to meet this obligation, including the possibility of a transaction that would result in the ownership of its cable systems being split, on a tax-free basis, between the Company and the other shareholder. This transaction is expected to occur during 1992, although there can be no assurance that it will occur during 1992 or at all since consummation of the transaction will require the obtaining of private and/or public debt financing, certain regulatory and other consents and approvals, and the execution by the parties of binding agreements. In the event this transaction cannot be accomplished, SCI will need to seek alternative financing.

Other than SCI, the Company's various partnerships and other affiliates accounted for under the equity method generally fund their acquisitions, required principal repayments and capital expenditures through borrowings under their own credit facilities (which are generally not guaranteed by the Company) and through net cash provided by their own operating activities.

(continued)

(1) Material changes in financial condition (continued):

Certain subsidiaries' loan agreements contain restrictions regarding transfers of funds to the parent company in the form of loans, advances or cash dividends. The amount of net assets of such subsidiaries exceeds the Company's consolidated net assets. However, net cash provided by operating activities of other subsidiaries which are not restricted from making transfers to the parent company have been and are expected to continue to be sufficient to enable the parent company to meet its cash obligations.

Management believes that available lines of credit, net cash provided by operating activities, proceeds from disposition of assets and the Company's ability to obtain additional financing will provide adequate sources of short-term and long-term liquidity in the future.

(2) Material changes in results of operations:

Cable television revenue increased by approximately 7% for the three months ended March 31, 1992, as compared to the corresponding period of the prior year. Approximately 3% of this increase resulted from growth in subscriber levels within the Company's cable television systems and an additional 4% was attributable to the increase in prices charged for cable television service.

Certain proposed changes to the legislative and regulatory environment in which the cable television industry operates could limit future increases in prices charged for cable television service. The effect of such limitations, if imposed, on the future growth of cable television revenue of the Company cannot be predicted at this time.

Operating costs and expenses have remained relatively constant as a percentage of revenue, although it is anticipated that the Company's cost of programming will increase in the future as program suppliers increase their rates and additional sources of programming become available. Additionally, certain proposed changes in the legislative and regulatory environment in which the cable television industry operates could have the effect of increasing certain programming costs. The Company cannot determine whether and to what extent increases in the cost of programming will affect the prices charged by it for its cable television services or the manner in which these services are offered.

One measure of liquidity is commonly referred to as "interest coverage". Interest coverage, which is measured by the ratio of operating income before depreciation and amortization ($405 million and $387 million for the three months ended March 31, 1992 and 1991, respectively) to interest expense ($200 million and $224 million for the three months ended March 31, 1992 and 1991, respectively), is determined by reference to the consolidated statements of operations. The Company's interest coverage ratio was 203% and 173% for the three months ended March 31, 1992 and 1991, respectively. Management of the Company believes that the foregoing interest coverage ratio is adequate in light of the consistency and nonseasonal nature of its cable television operations and the relative predictability of the Company's interest expense, more than half of which results from fixed rate indebtedness.

(continued)

(2) Material changes in results of operations (continued):

The Company's net loss (before preferred stock dividends) of $17 million for the three months ended March 31, 1992 represented an improvement of $8 million as compared to the Company's net loss for the corresponding period of 1991 due primarily to improved operating results by the Company in its cable television business. Also, the general decline in interest rates had a positive impact on the Company's net results. These same factors led to an improvement in the Company's interest coverage ratio (see preceding paragraph).

Subsequent to March 31, 1992, the Company sold its motion picture theatre business and certain theatre-related real estate assets (see note 13 to the accompanying consolidated financial statements). Accordingly, the operations of the Company's motion picture theatre exhibition industry segment will be reclassified and reflected as "discontinued operations" in the Company's Form 10-Q for the quarterly period ended June 30, 1992.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There were no material legal proceedings instituted during the quarter ended March 31, 1992 to which the Company or any of its consolidated subsidiaries is a party or of which any of their property is the subject.

There were no material developments during the quarter ended March 31, 1992 in any of the existing legal proceedings which were previously reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - None.

(b) Reports on Form 8-K filed during the quarter ended March 31, 1992:

Date of Report	Item Reported	Financial Statements Filed
January 21, 1992 (as amended by Form 8 amendment dated April 7, 1992)	Item 5	None
February 28, 1992	Item 5	None
March 31, 1992	Item 5	None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TELE-COMMUNICATIONS, INC.

Date: May 12, 1992

By: _____
Donne F. Fisher,
Executive Vice President
(Principal Financial Officer)

Date: May 12, 1992

By: _____
Gary W. Bracken, Controller
and Senior Vice President
(Chief Accounting Officer)